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- Tom and Ted still at odds over compromise
- FCC tackles cable cross-ownership rules
- Satcom III-R launch still up in the air
- Supersonics predict lucrative lease channel seas

CableVision

The news and features weekly of the cable television industry

November 16, 19

Cable's Target Audiences:
Advertisers Getting the Message

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Cover story

It is rapidly becoming apparent that advertising on cable is a vital component to cable's financial existence, but advertisers and agencies alike question whether it is time to make a commitment and create commercials geared specifically for cable viewers. **Page 36.**

Cover photo by Rob Stuehrk

Frantic face-off

Letters from NCTA's Thomas Wheeler, CATA's Steve Effros and TBS's Ted Turner elucidate their respective positions on the copyright issue. **Page 13.**

A cable sequel

The Federal Communications Commission revisits numerous cross-ownership rules and may initiate new proceedings. **Page 14.**

Up in the air

RCA Americom has watched the launch of the space shuttle closely, wondering if their own launching may also be delayed. **Page 17.**

Hotel home movies

Home Box Office has met with large success in its hotel/motel marketing campaign which has in turn prompted the company to begin offering Cinemax as well. **Page 26.**

Advocating outlet

Mobil Oil Corporation gets a national cable showcase for its advocacy campaigns at last. Providing the outlet: ABC Video Enterprises's ARTS channel. **Page 29.**

Cooperative effort

Anixter-Pruzan and Hamlin International have announced a cooperative sales and marketing agreement to especially highlight Hamlin's new addressable converter. **Page 30.**

On guard in Queens

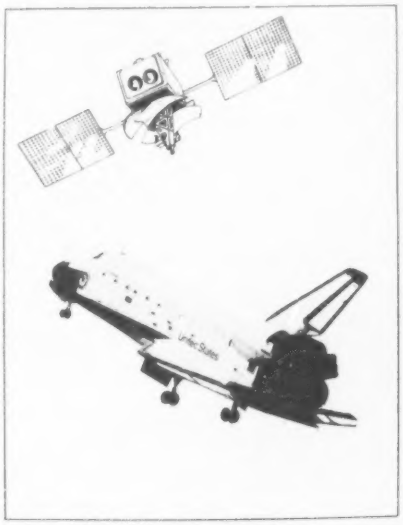
Some of the smaller cable hopefuls in the Queens franchise campaign have been hurt by Arnold & Porter's report labeling them as high financial risks. **Page 43.**

Legislative linchpin

The long-awaited report on competition in the telecommunications industry has been released by the staff of the House Communications Subcommittee to be used for the legislative rewriting of the common carrier portions of the 1934 Communications Act. **Page 44.**

Ratings Race

Evening newscasts are becoming just as much of a horse race in recent months as prime time. Some recent data from Nielsen and an analysis from Leo Burnett attempt to explain why. **Page 50.**



If all goes well for both sides, the space shuttle may be jockeying for air space, or rather, space space, with Satcom's III-R, also scheduled to be launched soon. See page 17.

Open door policy

The FCC grants rural telco exemption, further relaxation anticipated on the horizon

WASHINGTON—At a Federal Communications Commission meeting last week, the staff of the Office of Plans and Policy (OPP) presented a study that recommended elimination of significant portions of the cable television cross-ownership restriction. During the same session, the commission also created an exemption to the telco/cable cross-ownership prohibitions for specific rural areas.

The OPP recommendations were based on the conclusion that television markets "are workably competitive" and that the benefits of the restrictions "are exceeded by the cost." Specifically, the OPP staff suggested that: the cable/television station cross-ownership restriction "should be lifted to allow firms to organize themselves in the most efficient manner"; the network/cable cross-ownership restrictions "hinder the development of cable programming" and should be removed; and the telco/cable cross-ownership prohibition should be retained "for the time being." The report also stated that there was no need at the present time to limit the number of systems or subscribers that one cable company can garner, and that separation requirements should not be imposed on cable systems unless "cable becomes the dominant provider of video."

The report will now be open to public comment for a 30-day period before any further action is taken. However, the commissioners indicated that they basically agreed with the recommendations.

"We are very much in an unregulatory mood," said Chairman Mark Fowler. "If this commission doesn't do it [abolish many of the restrictions], I don't think that another might."

The recommendations were not regarded as surprising by many industry representatives. The FCC has given indications for several months that the restrictions would be relaxed. Specifically referring to the network/cable cross-ownership suggestion, Stephen Effros, executive director of the Community Antenna Television Association, said, "The networks are in cable now anyway."

But the conclusion that television markets are "workably competitive" contradicts the findings of the House Subcommittee on Telecommunications, Consumer Protection and Finance (see "Government and law," p.44). The majority staff of the subcommittee released its own report last week, concluding that competition in television markets was only "emerging." In the words of chief staff counsel David Aylward, "It ain't there yet."

"It's interesting that their [the FCC's] findings are different than the House subcommittee," said Effros. "That's something that will have to be reconciled."

Although the changes in the cross-ownership prohibitions are still in the formative stages, the FCC unanimously ordered an exemption for telco/cable cross-ownership in rural areas. This move was also not a surprise to industry observers who had expected it for some time; however, the definition of "rural" that the commission chose to adopt was a shift from previous policy.

In determining what is a rural area, the FCC employed the definition used by the U.S Bureau of Census. According to the bureau, a rural area is one that is outside of: (a) places of 2,500 inhabitants or more, incorporated or unincorporated, and (b) any other territory incorporated or unincorporated included in an urbanized area. To further explain the definition, according to the bureau an urbanized area is "an incorporated place and the surrounding densely settled areas that together have a combined population of at least 50,000."

Before the ruling, a telco could wire its service area for cable if the area had fewer than 30 homes per route mile and no cable companies were willing to provide the service. A waiver of the FCC's telco/cable cross-ownership provision was also required

Under the policy approved last week, in order to serve a rural area, a telco, once granted the franchise, only needs to file a tariff application for extension of its lines with the FCC. Interested parties then have 30 days to state why the telco's cable plans were not in the public interest. The telco needs no waiver. The rule change does not not affect areas that are not defined as "rural."

According to the commission, the rule change would solve ten of 13 pending requests by telcos for waivers to wire rural areas. —*David Price*

Satellite scramble

RCA Americom watches with nervous anticipation as the space shuttle experiences delays in launch

NEW YORK—NASA executives were not the only space pioneers dismayed when the countdown clock at Cape Canaveral stopped at T-minus 31 seconds, scrubbing NASA's launch of the space shuttle. RCA officials were concerned that further delay in this week's launch of the second Columbia space trip could spell additional trouble for RCA Americom, which is already beseiged with legal and launch pad problems. While RCA spokesman John Williamson says it is too early to tell whether the Satcom III-R launch will be delayed, it was generally assumed that unless the Columbia is launched this week, the November 19 launch of Satcom III-R may have to be postponed.

As NASA engineers were trying to figure out how to fix Columbia's auxiliary power unit failure, RCA crews were experiencing additional snags in their operation. Unconfirmed

Major cable programmers with transponder ownership

Company	Total	Breakdown
Westinghouse	14	10 Westar/4 Galaxy
Time Inc.	14	6 Satcom/2 Comstar/6 Galaxy
Viacom/Showtime	7	4 Satcom/1 Comstar/2 Galaxy
SSS	5	1 Satcom/1 Westar/3 Spacenet
WASEC	5	4 Satcom/1 Comstar
SIN	4	1 Westar/1 Comstar/2 Spacenet
Turner Broadcasting	4	1 Satcom/1 Westar/2 Galaxy
Landmark Communications	3	1 Satcom/2 Spacenet
Times Mirror	3	1 Satcom/2 Galaxy
United Video	3	2 Satcom/1 Spacenet
ESPN	2	1 Satcom/1 Comstar
CBS Cable	1	Westar
ABC	1	Westar
CBN	1	Satcom
PTL	1	Satcom
Reuters	1	Satcom
National Christian Network	1	Comstar
Trinity Broadcasting	1	Comstar

reports indicated that Satcom III-R's wave guide mechanism had been damaged during equipment loading. RCA would not elaborate on the extent of damage except to say "there was a small assembly problem, but it has been fixed."

RCA Americom officials, who are headed for Sotheby's this week where the company will auction leases for seven Satcom IV transponders (2, 3, 4, 11, 15, 16 and 23), appeared to be more concerned about the legal issues surrounding the company than the launch pad. RCA's decision to take four high-power transponders (3, 11, 15 and 23) and auction them for a presumably higher price than the rest brought protests from Warner Amex Satellite Entertainment Company.

At week's end, WASEC had filed a complaint with the FCC claiming that RCA Americom was in violation of section 201 (A) and 201 (B) of the Communications Act by unlawfully refusing to assign WASEC to transponder 11 on Satcom IV as the replacement for its Comstar D-2 transponder 6V. WASEC further states that it is entitled to the Satcom IV berth when the present traffic on Cable Net Two switches to Satcom IV. The entertainment company claims that the auction of transponder 11 to a third party would constitute a breech of the commitment RCA Americom made to WASEC with respect to the transponder in question.

Officials at WASEC will be among the 50 programmers on hand for the Sotheby auction. New as well as old faces will be bidding for the right to one or more of the seven transponder slots. Group W Satellite Communications, USA Network and Satellite Syndicated Systems confirmed they would be active participants in the bidding. ESPN, Viacom and SIN all said they would be represented and hinted they may join the bidding pool. Turner Broadcasting will not be taking part in the auction, and spokespeople for HBO, CBS Cable, ABC Video Enterprises and RCTV all declined comment on their auction plans.

—Hugh Panero

Board says go for it

NCTA will pursue compromise on copyright, but the directors' narrow vote is hardly a mandate

WASHINGTON—At a special meeting called last week by chairman Al Gilliland, the Board of Directors of the National Cable Television Association narrowly voted 15 to 11 to continue negotiating a copyright compromise with the National Association of Broadcasters and the Motion Picture Assocation of America.

The meeting was set up after the board met with considerable opposition to NCTA negotiators' apparent willingness to agree to reimposition of syndicated exclusivity in most markets. What the negotiators had secured in return was a handshake from the other parties on the retention of compulsory license and what amounted to a slight fee reduction.

The NCTA's leadership had entered into the negotiations with the assumption that there were sufficient votes in the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, which handles copyright, to do away with the compulsory license established by Congress in the Copyright Revision Act of 1976.

At a briefing following the board meeting, Gilliland said that there was sentiment against that compromise but that the 15 to 11 vote was a continuing expression of where the industry has always been on copyright. "There is no reason to believe that we could ever have 100 percent unanimity," Gilliland said, "but, I doubt that the losers will lobby against a bill if we should get one."

Nevertheless, opposition continued to mount against the proposal, although more than half of the association's board was willing to go along with the strategy, providing certain "caveats" were adhered to. One observer noted that the votes of the four board members who were unable to attend the meeting likely would have cancelled each other out.

Some of the board members who expressed dissatisfaction with the NCTA's approach did say they would continue to oppose the plan, but the most vocal opposition was still coming from the Turner Broadcasting System, which sees the compromise as a serious threat to the future of superstation WTBS and the 24-hour news channel, CNN.

TBS president, Ted Turner, was allowed to address the board briefly and express his concern that the compromise, if passed into law, would put him out of business. During the past year, Turner said he had invested $38 million in programming to be shown on WTBS and distributed nationwide to cable systems via satellite.

According to NCTA president, Tom Wheeler, it was out of respect for Turner's contributions to the industry and the position the compromise might temporarily put him in that the board established one of its caveats. The caveat dictates that the industry receive a reasonable time frame for adequate implementation of any new plan.

"The board stands in support of Ted Turner," Wheeler siad. "They want to see WTBS remain an important component of cable's programming mix."

John Saeman, Daniels & Associates, a member of the board's execu-

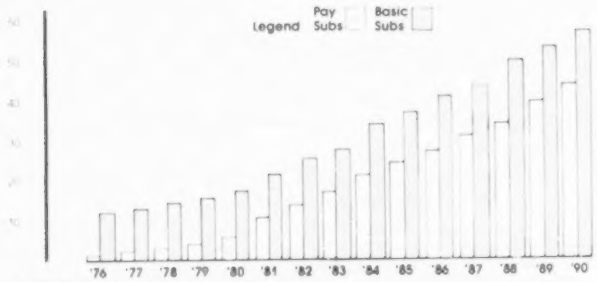
Educational provisions in recent franchising activity

In line with last week's cover story on education and cable (11/9/81, p. 40), "CableVision" has included here a run-down of various large- and medium-sized municipalities requesting educational provisions and how the cable companies bidding on (or who have won) the franchises have responded to the requests.

Franchise Area	Educational Provisions In RFP	Educational Provisions Offered by Winner	Dollars Offered for Ed. Programming	Award Date
Vancouver, WA (60,000 homes, Cox-winner)	One educational channel; system "must be responsive to city's public library, hearing-impaired and educational consortium."	Four educational channels, access to three studios in city, AETN and ACSN.	$202,000 in equipment and training costs.	June 1981
Fairfield County, CT (120,000 homes, Cablevision of Connecticut-winner)	No educational channels requested since county did not issue an RFP, used direct application.	Original proposal called for one educational access channel, educational programming on LO channel and Nickelodeon; upgrade calls for two additional educational access channels.	Not set at this time.	July 1981
Boston (242,000 homes, Cablevision Systems-winner)	Minimum of four access channels (did not specify how many for education) plus "ample range of educational services."	Four educational channels on 52-channel basic package (two for lower grades, high school and college; two for Nickelodeon/AETN and LO).	$404,000 studio for mostly educational production and use of other system facilities.	August 1981
Springfield, MA (60,000 homes, Continental Cablevision-winner)	Three educational channels (one for elementary schools, one for secondary levels), also production studio at city high school.	Three educational access channels plus five other access channels, also ACSN, AETN and local PBS station on basic.	$250,000 access facility.	September 1981
Brockton, MA (35,000 homes, Continental Cablevision-winner)	Minimum of two educational access channels, use of specialist for educational communication use, five percent of gross to access company and some educational program funds.	Two educational access channels plus continuing educational channel, ACSN and AETN on basic.	Portion of local funds going to educational productions.	October 1981
Tucson (135,000 homes, Cox-winner)	No educational channels requested.	Fifteen educational/LO channels (four for elementary and high school, three for local colleges and three for University of Arizona).	$161,000 for equipment and INDAX converters, $190,000 for programming and $120,000 for bi-lingual programming.	October 1981
Prince George's County, MD (200,000 homes, two franchise areas of 100,000 each)	One educational access channel, one leased access and public access channel (requested by educational consortium — University of Maryland, Bowie State, Prince George's and Community College).			November 1981
Denver (216,000 homes)	Five educational access channels (two higher education, two for lower and one for public library), a program origination facility and non-studio production capability.			February 1982
Milwaukee (252,000 homes)	Minimum of one educational access channel and must "provide advice and technical expertise."			First Quarter 1982

Pay/basic cable subs

Year	Basic Subscribers	% of TVHHs	Pay Subscribers	% of TVHHs
1990	57,812,000	61	43,596,000	46
1989	53,882,000	58	39,018,000	42
1988	49,194,000	54	34,618,000	38
1987	45,543,000	51	31,255,000	35
1986	41,148,000	47	27,016,000	32
1985	37,763,000	44	24,889,000	29
1984	34,502,000	41	21,038,000	25
1983	29,700,000	36	17,150,000	22
1982	25,888,000	32	14,562,000	18
1981	22,204,000	28	11,102,000	14
1980	18,672,000	24	7,780,000	10
1979	16,023,000	21	5,341,000	7
1978	14,155,000	19	2,980,000	4
1977	13,194,000	18	1,466,000	2
1976	12,094,000	17	565,000	1



Figures for 1981-1990 are projections

Top 30 systems

Rank	Location	Operator	Subscribers
1.	San Diego, CA	Cox Cable	209,000
2.	Long Island, NY	Cablevision Systems	140,000
3.	Manhattan, NY	ATC	124,300
4.	Manhattan, NY	Teleprompter	120,000
5.	West Orange, NJ	Suburban Cable	114,626
6.	Los Angeles, CA	Theta Cable/ Teleprompter	100,000
7.	Wayne, NJ	UA-Columbia	94,937
8.	Tulsa, OK	United Cable	91,113
9.	Erie County, NY	Prime Cable	90,961
10.	San Jose, CA	Gill Cable	86,000
11.	Central Islip, NY	Viacom	79,673
12.	Audubon, NJ	Audubon Electronics	79,125
13.	Orlando, FL	ATC	68,550
14.	Toledo, OH	Buckeye	66,907
15.	Wilmington, DE	Rollins Cable	65,600
16.	Austin, TX	ATC	65,293
17.	Grand Rapids, MI	General Electric	63,777
18.	Honolulu, HI	Oceanic Cable/ATC	59,400
19.	San Francisco, CA	Viacom	59,138
20.	Flint, MI	Comcast	57,255
21.	Allentown, PA	Twin County	57,000
22.	Santa Barbara, CA	Cox Cable	54,322
23.	Baton Rouge, LA	Daniels	52,000
24.	San Diego, CA	ATC	51,350
25.	Buffalo, NY	Cablescope	50,254
26.	Harrisburg, PA	Sammons	50,204
27.	San Rafael, CA	Viacom	46,286
28.	Monterey, CA	Western Communications	46,189
29.	Reading, PA	ATC	45,200
30.	Seattle, WA	Viacom	43,897

Recent franchise activity

Date	Franchise	Homes Passed	Status	Award Date
June 1981	Vancouver, Washington	60,000	Awarded to Cox Cable	—
July 1981	Fairfield County, Connecticut	120,000	Awarded to Cablevision	—
Aug. 1981	Boston, Massachusetts	242,000	Awarded to Cablevision	—
Sept. 1981	Springfield, Massachusetts	60,000	Awarded to Continental	—
Oct. 1981	Tucson, Arizona	135,000	Awarded to Cox Cable	—
Nov. 1981	Prince George's County, Maryland	100,000	Cable Commission recommended MetroVision and Viacom be awarded the franchise; other applicants included Storer, TCI, United Cross Country, Sammons.	Nov. 1981
Nov. 1981	New York, New York	Bronx—490,000 Brooklyn—885,000 Queens—720,000 Staten Is.—106,000	Consultant for New York City's four unwired boroughs (Arnold & Porter) released evaluation report on bids. Bids submitted for the franchises: Bronx—Cablevision Systems, Brooklyn—Cablevision Systems, Teleprompter, Warner Amex Cable Communications; Queens—ATC, Cablevision Systems, Gotham Communications, Queens County Cable Communications, Orth-O-Vision (TCI), Queens Inner Unity, Six Star Nielson, Teleprompter, WACC; Staten Island—Cablevision Systems, Cox Cable, Cross Country, Tele-Matrix, Vision Cable, WACC.	Dec. 1981
Nov. 1981	Denver, Colorado	216,000	Bids submitted by Mile Hi Cablevision (ATC and Daniels), Teleprompter and United.	Feb. 1982
Nov. 1981	Milwaukee, Wisconsin	252,000	Bids submitted by Warner Amex, Teleprompter, Milwaukee Cablevision, First Cable of Milwaukee, Community Citizens Controlled Cable Co-op, Viacom.	Feb.-Mar. 1982